



# PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: December 7, 2009

RESUBMISSION: January 21, 2010

## PART I: PROJECT IDENTIFICATION

GEF PROJECT ID<sup>1</sup>: 4191 PROJECT DURATION: 48 months

GEF AGENCY PROJECT ID: 3374

COUNTRY(IES): Guatemala

PROJECT TITLE: Promoting ecotourism to strengthen the financial sustainability of the Guatemalan Protected Areas System (SIGAP).

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): National Protected Areas Council - CONAP

GEF FOCAL AREA (S): Biodiversity

GEF-4 STRATEGIC PROGRAM(S): BD-SP1 Financing; BD-SP3 PA Networks

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable): N/A

INDICATIVE CALENDAR	
Milestones	Expected Dates mm/dd/yyyy
Work Program (for FSP)	March 2010
CEO Endorsement/Approval	February 2012
Agency Approval Date	April 2012
Implementation Start	August 2012
Mid-term Evaluation	August 2014
Project Closing Date	August 2016

## A. PROJECT FRAMEWORK

**Project Objective:** To strengthen the financial sustainability of Guatemala's Protected Areas System (SIGAP) by developing new financing vehicles within the developing ecotourism<sup>2</sup> sector, while ensuring the alignment of ecotourism activities with biodiversity conservation objectives.

Project Components	TA or STA	Expected Outcomes	Expected Outputs	Indicative GEF Financing		Indicative Co-Financing <sup>a</sup>		Total (\$)
				(\$)	%	(\$)	%	
1. Strengthened legal and policy framework for implementing ecotourism as part of a strategy to engender the financial sustainability of the SIGAP.	TA	– Changes to tourism policy facilitate collection and reinvestment of gate and concession fees in PAs, and private sector investments contributing to their financial sustainability.	– An amended Decree 4-89 strengthens CONAP's mandate for the promotion, implementation, and management of ecotourism aligned with the biodiversity conservation objectives of the SIGAP. – Reformed Policies on Tourist Activities in PAs governing inter-institutional cooperation, planning, investment and management. – Regulation of the collection and reinvestment of gate /concession fees in PAs. – Environmental standards and certification system for ecotourism development to govern private sector investments in PAs and enable biodiversity conservation.	175,000	33	350,000	67	525,000
2. Improved institutional framework for ecotourism management in PAs includes a pilot	TA	– Improved skills to address negative impacts of ecotourism practices in PAs for: a) CONAP and INGUAT, b) tourism businesses, c) PA co-	– Training program increases technical capacity of PA managers (i.e., CONAP, INGUAT, co-administrators, municipalities, and local	990,910	41	1,409,779	59	2,400,689

<sup>1</sup> Project ID number will be assigned by GEFSEC.

<sup>2</sup> Tourism that promotes biodiversity conservation objectives is also known as ecotourism.

program for ecotourism implementation in the Western Highlands of Guatemala.	administrators, and d) local community members from the pilot program sites. – New tourism routes within four pilot Western Highlands landscapes (i.e., RUMCLA - Lake Atitlán, Todos Santos Cuchumatán, and Tacaná and Tajumulco volcanos) contribute to the conservation of 140,000 hectares (ha) of biodiversity of global importance. – Income derived from ecotourism in the target PAs improves by 20% by project end (base value to be determined during PPG phase of the project). – There are no major adverse impacts on biodiversity in ecologically sensitive areas that are directly or indirectly attributable to tourism in the PAs of the target landscapes (140,000 ha). – Improvement of the management effectiveness score of the target PAs by 20% (measured by METT) within the pilot landscapes.	community organizations) to implement environmental and social safeguards for ecotourism. – X number of officials from CONAP trained to manage visitors and monitor the impacts of ecotourism (the target will be determined during the PPG phase). – Monitoring strategy developed to evaluate acceptable limits of change in ecologically sensitive areas of pilot landscapes. – Revised management plans for PAs with ecotourism embedded as part of their financing strategies. – PA business plans in place for each pilot landscape promoting the development of new tourism routes in areas receiving few visitors, with eco- tourism potential. – Gate and concession fees system including collection, allocation, and fee leveling piloted.					
3. Project management			129,545	40	195,531	60	325,076
<b>Total project costs</b>			<b>1,295,455</b>	<b>40</b>	<b>1,955,310</b>	<b>60</b>	<b>3,250,765</b>

**B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available, (\$)**

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution (CONAP, INGUAT, Fondo Nacional para la Conservación de la Naturaleza -FONACON, Programa de Desarrollo Rural-PRORURAL)	Cash – 840,000 In-kind- 210,000	1,050,000
Bilateral Aid Agency(ies): Proyecto Fortalecimiento a la Gestión de las Áreas Protegidas y la Biodiversidad de Guatemala (The Royal Netherlands Embassy); Proyecto de Desarrollo Económico de Sololá –PROSOL (Canadian Government), Proyecto Pasaporte Verde (Programa Mexicano de Cooperación Internacional and United States Agency for International Development - USAID)	Cash – 270,330 In-kind – 67,584	337,914
NGO (Asociación Vivamos Mejor, Fundación para el Ecodesarrollo y la Conservación, Counter Part International, Conservation International, The Nature Conservancy )	Cash	567,396
<b>Total Co-financing</b>		<b>1,955,310</b>

**C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)**

	Previous Project Preparation Amount (a)	Project (b)	Total c = a + b	Agency Fee
GEF financing		1,295,455	1,295,455	129,445
Co-financing		1,955,310	1,955,310	
<b>Total</b>		<b>3,250,765</b>	<b>3,250,765</b>	<b>129,445</b>

**D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES): N/A**

## **PART II: PROJECT JUSTIFICATION**

### **A. THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:**

1. Mesoamerica is one of the two most important global biodiversity hotspots, providing habitat for 17% of all terrestrial species. Guatemala, a country at the heart of Mesoamerica, is globally important because of its high number of endemic species, it is a critical destination and flyway for migratory birds and it is the second most important center of genetic diversity of cultivated plants and their wild precursors. Guatemala has over 10,317 species of registered plants, approximately 651 fish species, 192 species of mammals, and more than 720 species of birds. It is estimated that 15% of Guatemala's species of flora are endemic. This biodiversity spans an area from the Caribbean Sea to the Pacific Ocean and along a gradient that includes coral reefs to ecosystems over 4,000 meters above sea level, all of which are represented in seven different biomes. The rich fauna, flora, climate, and topography of these biomes provide fascinating contrasts, as they occur in such a small area (108,889 square kilometers [sq. km.]). Most of Guatemala's endemic species are found in the mountain/conifer forests, although the tropical humid forest, the tropical rainforest, and tropical humid savanna occupy the majority of the land. Guatemala also houses over one-third of the threatened species in Mesoamerica.

2. The Guatemalan Protected Areas System (SIGAP), with 261 PAs (nearly 32% of the country), has been central for the protection of the country's biological diversity. The SIGAP, administered by the National Protected Areas Council (CONAP), protects over 55% of the country's forest ecosystems. In the Western Highlands of Guatemala, PAs cover close to 2,490 sq. km. (2.29% of the country's area). This region is home to a rich number of unique species due to its significant variations in elevation and diverse microclimates. The Guatemalan Western Highlands are the Central American region with the greatest diversity of conifers with 19 species (families: Pinaceae, Cupressaceae, and Taxodiaceae), oaks (*Quercus* sp.), birch, and hornbeams (family Betulaceae, gen: *Ostrya* and *Carpinus*). There are two major areas of endemism within the Western Highlands: the Central Volcanic Chain and the Sierra of the Cuchumatanes. The latter is the highest non-volcanic mountain range in Central America (500 meters [m] to over 3,800 m) and is home to endemic tree species such as the Guatemala fir (*Abies guatemalensis*) and the juniper (*Juniperus standleyi*). This region also presents a high number of endemic fauna species, including 16 passalid beetle species, 32 species of amphibians, and 58 species of reptiles. It also hosts several endemic species of birds such as the Horned Guan (*Oreophasis derbianus*), the Azure-rumped Tanager (*Tangara cabanisi*), and the Pink-headed Warbler (*Ergaticus versicolor*); and other endemic vertebrates like the Maya mouse (*Peromyscus mayensis*), and two fish species (*Profundulus cacandarius* and *Xenodexia ctenolepis*).

3. Guatemala's impressive network of PAs is under-financed and this undermines its effectiveness in addressing threats to biodiversity. The UNDP and The Nature Conservancy estimated that the 2009 financial needs of the CONAP-administered PA system to cover basic management were US\$16.1 million, leaving a financial gap of US\$7.8 million.<sup>3</sup> The SIGAP generates significant use values in the form of tourism, and the annual revenue from tourists' visits to PAs is estimated to be equivalent to 13% of the country's national budget. However, PAs are allocated only 0.001% of these resources, which contributes little to their financial sustainability or effective management. Moreover, most of the revenues are currently earned from only a few sites, while the majority of PAs in the country see little tourism activity. Additionally, the tourism industry makes little contribution to the financial sustainability of PAs in the form of infrastructure or contributions to their operation; and local communities receive few benefits from ecotourism, which contributes to the lack of public support for the PAs.

4. The Government of Guatemala (GoG) identifies tourism as a central component of its Social and Environmental Policy (SEP). The current administration is committed to promoting ecotourism in PAs as part of the SEP's Management of Nature Goods and Services strategic program. Second only to remittances, Guatemala's tourism industry is the largest private source of income for the country and continues to grow. According to the Bank of Guatemala (BANGUAT), the country received 1.7 million tourists in 2008, representing an income of US\$1.28 billion, which is an increase of 4.5% from 2007. Guatemala's National Tourism Board (INGUAT) estimates that 30% of all foreign visitors to Guatemala visited PAs, especially Tikal and Río Dulce National Parks and the Atitlán Watershed Multiple Use Reserve (RUMCLA). Tikal National Park alone has received approximately 200,000 visitors per year over the last 5 years, generating over US\$2.3 million in entrance fees. To support ecotourism development, the Protected Areas Law (Decrees 4-89 and amendments) has established that CONAP is the governing institution for the country's PAs and defines its role in regulating and to some extent promoting

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<sup>3</sup> CONAP directly administers 53 of all areas within the SIGAP. Other areas include 138 private reserves, 35 municipal regional parks, 25 PAs administered in conjunction with other government agencies (e.g., Guatemala's National Tourism Board – INGUAT – and the National Forestry Institute - INAB), and 10 PAs co-administered by NGOs.

sustainable tourism within the PAs (Articles 62 and 69). Furthermore, this Law establishes (in Article 20) that any tourism activity to be developed within the SIGAP should be subjected to an environmental impact assessment and recommended by CONAP for evaluation as long as the proposed tourism activities are compatible with the PAs' conservation goals. CONAP's Policies on Tourist Activities in Protected Areas (2000) define the guidelines for planned and participatory tourism initiatives designed to benefit the PAs' management and their surrounding local communities.

5. Ecotourism is a unique opportunity to enhance the financial sustainability of the SIGAP, in particular for PAs in Guatemala's Western Highlands, and as a vehicle to increase levels of biodiversity protection in these areas. In addition to its natural values, the Western Highlands are also a core region for the country's modern Mayas, many of which have a traditional culturally distinct life and often are part of PAs neighboring communities. Thus, Western Highlands PAs are a showcase of unique biodiversity, breathtaking landscapes, and multiple ethnic communities ideal for the development of ecotourism. Ecotourism can also generate important economic and social benefits for the PAs' surrounding communities, thereby dramatically shifting local attitudes in favor of conservation and reducing biodiversity threats, which in the Western Highlands PAs include: (a) illegal extraction of timber and non-timber forest products, with particular concern for the endemic Guatemalan fir species, which is widely used as Christmas trees and for construction; (b) grazing pressure from sheep herding, which has been integrated into the local communities' economies; and (c) fragmentation of extant forests, which limits the potential for establishing connecting corridors between existing forest blocks key to biodiversity. However, effective ecotourism development in the Western Highlands PAs is currently limited by: (a) little information available to potential visitors on PAs other than the traditionally visited areas (e.g., RUMCLA); (b) lack of incentives for institutional cooperation and investment (e.g., CONAP, INGUAT, and the private sector); c) inefficient mechanisms for collection of visitors fees, concessions, and reinvestment in PAs; and d) lack of skills by PA administrators to manage visitors.

6. Although the existing legal framework provides support for developing ecotourism in the PAs, legal and policy gaps remain that prevent the realization of ecotourism's full potential as a means for improved PA management and financing. Also, CONAP has limited capacity to effectively manage the pressures that unsound tourism practices may impose on biodiversity, and which would result from an increased number of visitors and activities, the development of infrastructure, natural resource use (e.g., water and firewood), and an increased volume of wastes. Although CONAP regularly documents the potential impact of tourism activities on PAs when they are proposed, the reality shows that there are no tools in place that would allow CONAP to effectively and systematically assess, monitor, and mitigate the impacts that are specifically related to the increase in the number of visitors to PAs.

7. There is an opportunity for enhancing the financial sustainability of the SIGAP through tourism practices that integrate biodiversity conservation objectives in PAs. This will be achieved through a revised national tourism legislative/policy framework and training strategy that will allow the strengthening of institutional capacity, provide mechanisms for financial investment in PAs from the tourism sector, reinvest gate and concession fees in the PAs, and manage pressures on biodiversity that are imposed by the growth of tourism. Policy reforms will be made operational through a tourism pilot program in the PAs of the Western Highlands that integrates biodiversity conservation objectives and complies with environmental and social safeguards. However, the effective implementation of ecotourism within the SIGAP is limited by the following barriers:

Deficient policy and legal framework.	A major barrier to enhancing the financial sustainability of the SIGAP through the promotion of ecotourism in PAs is the lack of a comprehensive policy and legal framework that will facilitate institutional cooperation and communication (i.e., among CONAP, INGUAT, and municipalities) for the promotion and implementation of ecotourism. This, together with the absence of clear institutional directives and regulations regarding financial management has made it difficult to collect and reinvest tourism revenues directly in the PAs. Additionally, there is a lack of consistent guidelines and policies governing fee collection, fee retention, and concessions. To support the PAs' management, CONAP has entered into various co-administration agreements with non-governmental institutions (NGOs), public and private entities, as well as with a growing network of private and municipal reserves that has resulted in different co-administrative structures lacking unified criteria for determining management responsibilities and the distribution of benefits; these uniform criteria are essential for the development of ecotourism as a means for improved PA management and financial sustainability. Finally, there is a lack of incentives to promote investments in PAs by the tourism sector that would contribute to their financial sustainability.
Capacity limitations among PA administrators	Effective ecotourism development within the SIGAP is also currently constrained by the lack of skills among PA managers to implement ecotourism with minimum environmental and social impacts. Operationally, there are at least three different capacity gaps that must be resolved for the implementation of ecotourism in PAs: a) limited capacity by CONAP to develop and provide guidance to PA managers (e.g., co-administrators, and municipalities)

to manage tourism and its impacts.	for incorporating ecotourism as part of the PA planning processes; b) limited capacity by PA staff and managers (including co-administrators) to effectively manage and provide quality service to visitors; and c) inability of PA authorities to properly assess, monitor, and manage negative impacts on biodiversity that may result from tourism in PAs.
Absence of marketing strategies to expand tourism beyond traditional PA tourist routes.	The SIGAP's financial sustainability is also constrained by the absence of marketing strategies for a wide number of PAs. Currently, most of the revenues from tourism are earned from a few PAs that are associated with traditional tourist destinations like RUMCLA, a popular location for visitors in Guatemala's Western Highlands. New tourism routes and tourist products are necessary to attract visitors to PAs with low visitation levels that can provide unique experiences for tourists seeking enjoyment from nature. The absence of ecotourism-based business plans for PAs, as well as fragmented co-administration and concession systems, lack of efficient user fees collection and reinvest mechanisms, have further limited the financial sustainability of the SIGAP.

8. To overcome these barriers, the project strategy is based on the following two components:

**9. Strengthened legal and policy framework for implementing ecotourism as a financial sustainability strategy for the SIGAP:** By reviewing and adjusting selected legislation and policies (i.e., Decree 4-89 and CONAP's Policies on Tourism Activities in Protected Areas), the project will facilitate improved cooperation and communication among key government stakeholders (CONAP, INGUAT, Ministry of the Environment and Natural Resources - MARN, and municipalities) for the development of ecotourism as a financial sustainability strategy for the SIGAP. The project will also strengthen CONAP as the SIGAP's governing institution and its role in regulating, promoting, and monitoring tourism activities within PAs. The project will also review and modify existing co-administration bylaws for PA management in order to unify criteria regarding the responsibilities of co-managers (i.e., government agencies other than CONAP, NGOs, municipalities, and private businesses) and the distribution of benefits from the implementation of ecotourism. To facilitate the collection and reinvestment of gate and concession fees in PAs, the project will review and modify the bylaws of the Organic Budget Law (1998) that regulate revenue collection and redistribution. This will be accomplished by a) taking advantage of the existing interest within the current government administration to develop mechanisms for increasing revenues that are derived from the environmental services provided by PAs as expressed in its Social and Environment Policy, and b) using as a model the Yaxha Nakum Naranjo National Park located in the Petén Region where all park revenues are being directly reinvested in the PA through a co-administration scheme where funds are administered through Guatemala's Environmental Fund (FONACON). Finally, to encourage private investment in PAs, the project will also carry out a detailed review of existing taxation laws and propose the removal of fiscal barriers to advance ecotourism, and will outline new incentives including improved access to credit and favorable conditions for tourism concessions. Environmental standards and an ecotourism certification system that is recognized nationally and internationally will be developed to provide the ecotourism sector with guidance and additional economic incentives and marketing tools to encourage the development of biodiversity-friendly products and services and investment in PAs. For example, the Green Deal certification scheme, administered by the Asociación Alianza Verde and monitored by agencies such as Rainforest Alliance, has been adopted by tourism industry businesses in the Petén region of Guatemala. The scheme requires that the participating businesses pay a modest annual fee for certification, and in return they are granted access to training information, standardized quality and pricing guidelines, and other benefits.

**10. Improved institutional framework for ecotourism management in PAs includes a pilot program for ecotourism implementation in the Western Highlands of Guatemala:** The project will develop a training program to improve needed skills for PA managers (e.g., CONAP, co-administrators, municipalities, and local community organizations) for the development of ecotourism in PAs with appropriate environmental and social safeguards. The project will facilitate the development of skills to properly assess and manage the potential impacts on biodiversity from ecotourism development. Particular attention will be given to the development of skills for determining the visitor-carrying capacity of PAs and the collection and disposal of wastes that result from the increased numbers of visitors and activities. Special consideration will be given to CONAP's capacity-building needs so that by the project's end the required skills as well as a monitoring system for the effective assessment of ecotourism impacts on PAs will be in place within CONAP. Additionally, the project will provide training to PA administrators to properly manage visitors and provide them with the appropriate services (e.g., information, nature guides, and visitor centers) so that visitors may fully appreciate the biodiversity in the PAs as well as increase their awareness and support of the PAs.

**11.** The project will also improve biodiversity conservation and PA management in over 140,000 ha of ecological landscapes in the Guatemalan Western Highlands through ecotourism. New tourism routes will be established to attract visitors to national parks and smaller PAs (e.g., Chicabal Volcano, Municipal Regional Park Los Altos de San Miguel Totonicapán, Municipal

Regional Parks/Forests 1 and 2 of San Pedro Sacatepequez, Municipal Regional Park of San Marcos, Municipal Regional Park Canjulá-Tocapote-Los Maijones, Municipal Regional Park El Caracol-Los Espinos-Mirasol-Tizate, and the Community Natural Reserve Corazón del Bosque)<sup>4</sup> within such landscapes as RUMCLA (Lake Atitlán, 122,900 ha), Todos Santos Cuchumatán (7,255 ha), and Tacaná (2,964 ha) and Tajumulco Volcano (13,032 ha). This initiative is conceived as a conservation pilot program to allow the implementation/testing of policy reforms and skills that are developed through Component 1 of the project's strategy. Marketing and business plans will be developed for selected PAs to promote the PAs of the Western Highlands as tourist destinations. The project will implement a visitor and service fee system in the pilot program PAs to effectively reinvest gate and concession fees in the PAs in support of their financial sustainability. The project will update the management plans of the pilot program PAs to ensure that ecotourism is properly integrated into planning and management, to outline the actions needed to monitor impacts in ecologically sensitive areas so that they remain within acceptable limits, and to ensure that the local communities surrounding the PAs derive benefits from ecotourism activities. By the project's end it is expected that the management effectiveness of the PAs will be improved by 20% (to be measured using METT) with increased revenues from ecotourism, enhanced skills and planning, and increased local support for PAs and biodiversity conservation.

12. The project will contribute to the financial sustainability of the SIGAP by the development of ecotourism without compromising financial resources for core conservation management. In particular, the project will enhance conservation in 140,000 ha of mountain and coniferous forests. These forests include endemic tree species such as the Guatemala fir (*Abies guatemalensis*) and endangered pine tree (Appendix I of CITES). Key habitats for endemic and migratory species will be safeguarded through the project. The development of ecotourism initiatives in selected PAs of the Western Highlands region will involve establishing partnerships for conservation among stakeholders such as the GoG, private sector businesses, and communities and municipalities surrounding the PAs that will aid in protecting biodiversity of global importance, such as the Horned Guan (*Oreophaps derbianus*), which is the flagship species for cloud forest conservation in Guatemala; the Resplendent Quetzal (*Pharomachrus mocinno*); the Golden-cheeked Warbler (*Dendroica chrysoparia*), a flagship migratory species of Central American pine-oak forests; and other migratory species like the Cerulean Warbler (*Dendroica cerulea*) and the Golden-winged Warbler (*Vermivora chrysoptera*). The connectivity between existing forest blocks will be enhanced by protecting smaller PAs within ecological landscapes that include larger national parks, and regional conservation efforts such as the Mesoamerican Biological Corridor (MBC).

## **B. CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:**

13. The project is consistent with Guatemala's national priorities and will contribute to four objectives within the following strategic components of the country's Environmental Policies promoted by the GoG: a) financial sustainability (Biological Diversity Conservation Strategy); b) ecotourism development and strengthened local participation to benefit from ecotourism in PAs (Management of Goods and Services); c) capacity development for the modernization of the State and the application of management instruments for the conservation of biodiversity (Institutional Modernization Strategy); and d) social participation in the application of management instruments for the public use of PAs (Social Participation Strategy). The project is also consistent with the following national policies: CONAP's Tourism and Protected Areas Policy and regulations (2000, 2003), with its 2005-2010 Strategic Plan; SIGAP's Policy Framework; INGUAT's National Ecotourism Policy (2003); and the Chamber of Industry's National Sustainable Tourism Policy. In all cases, the policy documents recommend the following path for ecotourism development in Guatemala: a) strengthening key institutions with respect to ecotourism, especially CONAP and INGUAT; b) development and consolidation of ecotourism products; c) research and establishment of a "culture" of ecotourism; and d) marketing and promotion of ecotourism. The project is also consistent with the country's commitment to the Millennium Development Goals. The GoG is committed to reducing poverty by strengthening local economies and capacities, protecting environmental and biodiversity wealth, and promoting sustainable development. The project is also aligned with Guatemala's Climate Change Policy that seeks to promote adaptation to the effects of climate change and also reduce vulnerability of those most at risk: the rural poor communities.

## **C. CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:**

14. This project is consistent Strategic Objective 1 for Biodiversity, which seeks to *Catalyze sustainability of protected area systems*. More specifically, the project will contribute to Strategic Program 1 *Sustainable financing of PA systems at the national level*- and Strategic Program 3 *Strengthening terrestrial PA networks*. Removing the current barriers that impede the promotion of ecotourism in PAs will not by itself lead to their financial sustainability; however, it will increase investment in

<sup>4</sup> Final selection of PAs will be done during the PPG phase of the project and may include several reserves within RUMCLA, such as San Pedro La Laguna and Santa Clara La Laguna, which are in the process of being incorporated into the SIGAP.



PA infrastructure and management, as well as support from local communities, and will yield useful tools to strengthen the SIGAP and national and global conservation objectives.

#### **D. TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:**

15. This project will fund activities directed towards enhancing the financial sustainability of the SIGAP and promoting biodiversity conservation in PAs of Guatemala's Western Highlands. More specifically, project activities will result in revised ecotourism-related laws and policies, strengthened institutional capacity for the promotion and implementation of ecotourism in PAs, and a pilot program to promote ecotourism in the Western Highlands following conservation standards. The financing support to be provided by GEF will consist of a grant to cover the incremental costs of these activities. Thus, GEF resources will be used mostly in providing technical assistance.

#### **E. COORDINATION WITH OTHER RELATED INITIATIVES:**

16. This project will complement ongoing and proposed UNDP, GEF, and other projects in Guatemala as well as the consolidation of the MBC. The proposed project will coordinate actions with the IADB-GEF project *Improvement of Management Effectiveness in the Maya Biosphere Reserve*. Among its objectives, the project will promote tourism infrastructure investment in five tourism circuits within the Mayan Biosphere Reserve (MBR). The proposed project will complement the MBR project by improving the enabling legal and policy environment within which project components must be implemented. The MBR project does not include a legal and policy reform to enhance ecotourism contributions to PA consolidation. In addition, the MBR project does not include the creation and implementation of mechanisms and tools that enhance ecotourism management capacities of co-managers or benefits to local communities. The project will coordinate actions with the UNDP-GEF regional project *Central American Markets for Biodiversity (CAMBio): Mainstreaming Biodiversity Conservation and Sustainable use within Micro, Small and Medium-sized Enterprise Development and Financing* and the Central American Bank for Economic Integration (CABEI) and its network of financial intermediaries (FIs) in Guatemala in order to ensure financing of ecotourism initiatives in PAs at the municipal and community levels of the Western Highlands. Lessons learned from the UNDP-GEF project *Consolidating a System of Municipal Regional Parks (MRPs) in Guatemala's Western Plateau* will be reviewed and incorporated as deemed appropriate, in particular those related to community participation in PA management, financial sustainability and ecotourism potential assessment, establishment of agreements with local governments (municipalities) for joint PA management, and project monitoring and evaluation.

#### **F. THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:**

17. Although Guatemala has made a significant effort to expand its network of PAs, the system is critically under-financed, undermining its effectiveness as an approach to biodiversity conservation. Despite the fact that the more globally emblematic PAs in Guatemala serve as popular tourist destinations, the country has not taken full advantage of ecotourism as a system-wide strategy to enhance the financial sustainability of the SIGAP. In the absence of the project presented herein, it is likely that Guatemala will continue to rely on a legal and policy framework that limits the development of ecotourism in PAs and the role CONAP in its promotion. It is also likely that mechanisms for the effective collection and reinvestment of visitor and concession fees to support the management and operation of the PAs will not be developed, thereby limiting the flow of needed financial resources and benefits to local governments and communities surrounding the PAs. Similarly, without the project the tourism sector would lack the proper incentives to invest in the development of PA infrastructure or contribute to covering operational costs. Also, without the present project, CONAP would continue to rely on staff that do not have the proper training for reducing the potential impacts of tourism on biodiversity or to develop marketing and business plans that are necessary for promoting ecotourism in the PAs and managing increased numbers of visitors. The proposed GEF support will enable the GoG, through CONAP and in conjunction with INGUAT and the associated local governments, to facilitate the development of ecotourism as an effective strategy to enhance the financial sustainability of the SIGAP. As such, the conservation of some of the most emblematic and globally important species and ecosystems will be promoted through the placement of important environmental and social safeguards for tourism development and a pilot program for PAs in the Western Highlands region of Guatemala.

#### **G. RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVE FROM BEING ACHIEVED, AND RISK MITIGATION MEASURES:**

<b>Risk</b>	<b>Rate</b>	<b>Risk mitigation strategy</b>
Lack of political will to support the implementation of Component 1 of the	M	Government and stakeholder support for policy reform is essential for the project's success. Involvement of key stakeholders from the onset of the project will be the strategy to follow, both from within CONAP as well as from other government institutions (e.g., INGUAT, MARN), NGOs with an interest in PAs and tourism, and municipalities to guarantee support for its development. Representatives from each group will be part of the

<b>Risk</b>	<b>Rate</b>	<b>Risk mitigation strategy</b>
project.		project's advisory board (Steering Committee) and will be invited to actively participate in key moments during the life of the project (approval, insertion, and mid-term and final evaluations).
Lack of agreement within the GoG regarding the reinvestment of tourism/concession fees and the like into PA management.	M	To reduce this risk the project will take advantage of the current administration's interest in promoting ecotourism in PAs as part of the country's environmental and developmental strategy (as expressed in the National Environmental and Social Policy) to make the needed policy reforms that will enable the SIGAP to retain tourism revenues earned from gate and concession fees. The project will take advantage of the fact that CONAP responds directly to the Presidency of Guatemala to promote the need to reinvest PA revenues to enhance its financial sustainability and effective management. Additionally, since CONAP's board includes members of other key government institutions such as INGUAT, as well representatives from municipal government and environmental NGOs, it has the influence to secure commitments from both the public and civil sectors for fee reinvestment in the PAs.
Weak governance and security issues.	M	Remote areas in Guatemala have been considered as potentially high security risks for tourists by some foreign government travel advisories, tour operators, and guidebooks. Since the signing of Peace Accords in 1999, Guatemala has made progress in lowering this security risk. However, isolated incidents continue to occur in remote areas of Guatemala, and this risk cannot be removed by law enforcement alone. Poor public relations, lack of community involvement and support for tourist safety, and lack of involvement by municipal governments are all elements that comprise the structure of this risk. Lack of coordination with the tourism industry also contributes to this problem.
Climate change.	L	Project activities will provide a stable source for carbon sequestration by promoting mountain and conifer forest conservation. By contributing to the establishment of vertical and horizontal connectivity among forest blocks, species mobility will be enhanced and will provide refuge from temperature changes. Additionally, by reducing encroachment and illegal timber and non-timber forest product extraction in the PAs of the Western Highlands, soil stabilization will be enhanced and landslides will be reduced in a region that is highly prone to tropical storms and hurricanes whose frequency and intensity have increased most likely as a result of climate change.

#### **H. THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:**

18. A strategy to ensure the financial sustainability of the SIGAP that relies on the effective development of ecotourism in PAs and direct reinvestment of tourism revenues is likely to be far more cost-effective in the long term than the alternative approach that relies on financial allocations from central budgets or on alliances and partnerships with co-managers that usually depend on slow-paced and sometimes uncertain grants and donations. If this project is not implemented, the scenario that will prevail is one where the financial sustainability of the SIGAP will continue to lag behind the conservation and management needs of the PAs and the expectations of local communities of benefits derived from conservation. By strengthening conservation authorities, particularly CONAP, through policy reform, capacity building for tourism impact monitoring, effective revenue generation and allocation mechanisms, and providing incentives to the tourism sector to invest in PAs, the GEF alternative will allow the removal of the barriers to ecotourism development, and institutionalize a sustainable financing source for SIGAP that will benefit Guatemala's globally significant biodiversity, and contribute to its economic development.

#### **I. THE COMPARATIVE ADVANTAGE OF GEF AGENCY:**

19. UNDP's comparative advantage for the GEF lies in its global network of country offices, its experience in integrated policy development, human resources development, institutional strengthening, and non-governmental and community participation as specified in *Comparative Advantage of the GEF Agencies (GEF/C.31/5rev.1)*. UNDP assists the GoG in promoting, designing, and implementing activities consistent with both the GEF mandate and national sustainable development plans. UNDP has been identified as the appropriate GEF Implementing Agency by MARN/CONAP based on its demonstrated experience working on multiple GEF biodiversity projects. UNDP also has extensive programming experience in Guatemala.

### **PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

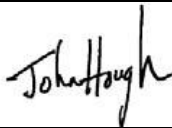
#### **A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):**

<b>NAME</b>	<b>POSITION</b>	<b>MINISTRY</b>	<b>DATE</b>
Luis Alberto Ferraté Felice	Minister of Environment and Natural Resources	MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES	NOVEMBER 5, 2009



## B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephone	Email Address
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